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competitive strengths to agencies and advertisers. Substantial growth as an ad medium depends on directions and decisions taken by cable management on several key issues within the near future.

Battling internally, externally

Cable tv networks' willingness to compete against each other is tainting their efforts to become vehicles for advertising.

David Poltrack, vp-research, CBS/Broadcast Group, voiced the opinion of several advertising leaders: "Internecine warfare among cable networks doesn't help the industry."

Mr. Daubenspeck of FCB says, "There are so many cable networks, they're cannibalizing each other. We have 18 networks scrapping for a limited amount of dollars."

Another senior cable executive points to agency media planners and buyers, who he says "are not creating fair cable budgets and are pitting networks against each other for existing dollars. They are driving down prices, resulting in a blood bath."

The industry's best hope to reduce predatory competition may be to develop the total market—and the number of ad dollars allocated to it. "Cable networks have not been able to develop a solid foothold in the natural media buying process," Douglas Greenlaw, vp-sales, CBN Cable Network, says. "We have not been able to concentrate on developing new business. At our current level of sales, we're still going after shares of current cable business."

Clearly, internal battles cannot help the industry. But, says Robert Alter, president of the Cabletelevision Advertising Bureau, "Broadcasting has always been competitive—a supply and demand industry."

Mr. Alter senses "a growing feeling among networks that competition is counterproductive."

But if cable networks should avoid internal competition, where should they be focusing their competitive energies?

The CAB and several cable programers, most predominantly TBS, are taking on the broadcast networks and focusing their sales pitches to advertisers on cable as being an ideal supplement to the erosion of commercial network viewership. However, several ad executives question the long-term wisdom of cable's emphasis on gross numbers and the erosion issue.

"Cable is taking too much credit for erosion," says Jayne Zenaty, manager-cable research, Leo Burnett Co., Chicago. Erosion is a sign of many changes in the media environment. Cable just happens to be there, and it is part of the solution. Feathers get raised when cable presents itself as the *only* solution."

In selling itself as an alternative to network erosion, cable also may be positioning itself in a role it cannot satisfactorily fulfill.

Avrum Geller, director-marketing services, Block Drug Co., Jersey City, N.J., says broadcast tv advertisers primarily are dealing with mass audiences. "Cable still represents segmentation, and therefore is unlikely to get its corresponding share of mass dollars."

Although the erosion issue dominates cable's competitive efforts, the InfoMarketing Group, which surveyed 350 senior agency and advertiser executives, found that only one-third of those executives consider supplementing broadcast network erosion to be cable's greatest strength. More than 50% believe cable's real value is its ability to reach segmented audiences. Sixteen per cent identify sponsorship opportunities and infomercials as cable's most important offering, or, as Ms. Zenaty, says, "its qualitative attractiveness."

BBDO's Mr. Semsky says 99 of the top 100 advertisers use cable (General Electric being the lone holdout). He says cable's real competitive strength is to tailor the sale of ad slots to individual clients. "We can do things in cable that cannot be done in broadcast," he says. "The cable networks should be preaching this, not selling more of the same."

Ironically, cable's concentration on broadcast erosion may be aiding one of its more potent competitors. Although broadcast network audience erosion is an accepted fact, barter syndication and independent tv stations are viewed as the primary outlets for supplementing this loss.

"Cable has created the recognition of the need for alternatives by focusing attention on the erosion issue," Mr. Daubenspeck says. "But advertisers are looking for viable alternatives to network tv, and if syndication is a viable alternative, they'll turn to it. Cable has also promoted the growth of independents and syndication, by breaking up the monopoly of Channels 2 through 7 dialing and by enhancing the uhf signal.

"A few years ago barter syndication ratings weren't acceptable," he says. "Cable, with its .5 and 1 ratings, has become respectable, [but] advertisers have realized that 5 and 7 ratings are available through syndication."

CBS' Mr. Poltrack says cable's and barter's comparative effectiveness as complements to broadcast tv must be analyzed. "Both have their strong points, but they think they're in competition with network tv; they're really in competition with each other.

"Advertisers traditionally filled in their network buys with spot tv," he says, "and more recently began using cable, resulting in the initial infusion of cable revenues. Now dollars are going to barter syndication."

Most of the broadcast dollars being funneled to cable as a supplement to audience erosion are going to those cable networks that mimic broadcast. WTBS is a broadcast independent superstation and CBN Cable, Virginia Beach, Va., is programed like one.

Both are very effective in reaching broadcast-like audiences and both are profitable cable networks. Mr. Poltrack identifies ESPN's audience as being like broadcast sports' audiences, and CNN's as looking like broadcast news' audiences.

So the over-all ad revenue picture becomes even more unfocused. Barter syndication and some cable networks are competing effectively for cable dollars. But will only those cable networks that imitate broadcast tv networks survive?

Audience research holds the key

The cable industry appears convinced that the survival of its members depends on more research on the erosion issue, with the vast proportion of research dollars committed to A.C. Nielsen Co. household ratings.

Cable networks are being pressured into reaching the critical audience mass (15% of the total tv households) required to be metered by Nielsen. While Nielsen household data may help ad executives justify cable buys, it is apparently not enough to generate major defections from broadcast.

"Ratings give us information that a set is turned on and tuned into a specific network," says Ira Tumpowsky, vp-new media technologies, Young & Rubicam, New York. "After that, we have little to go on; little demographic information and little qualitative data. When you discuss selective environments, there has to be more qualitative information. The lack of information makes it difficult to assess cable's real worth."

Bates' Mr. Brandt disagrees: "With household information coming in on a regular basis for several networks, we can ensure that we are getting value for our dollars spent." Bates recently recommended that its clients update their budgets, shifting 15% of their media dollars to cable, instead of the previously suggested 5%, to supplement broadcast network erosion.

In general, however, ad executives concede that far more information is required before they confidently can make larger cable commitments. Gregory Blaine, director-new communications technologies, Foote, Cone & Belding, Chicago, has been outspoken in his belief that cable has sufficient documentation. However, he adds the ubiquitous caveat: "For the amount of money being committed."

To boost the dollar amount spent, cable networks need to be concerned on two fronts. First, revenues for the major cable networks probably won't come into line with viewing levels until more data is available. And, unfortunately, satisfactory research is unlikely in the near future.

Norman Hecht, president of Information & Analysis, a cable research company, pinpoints the problem as one of sample size. Current meter samples, he says, "are inadequate for the new media environment. With the average cable service generating small viewing audiences, agencies are being asked to make buying decisions with information based on very few metered homes. Information on what to buy in the cable universe and how to compare one service to another is inadequate.

"Agencies have to know the ratings," Mr. Hecht says, "and

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Cable's biggest subscribers: Top 10 advertisers

(Ad expenditures* in $ millions, Jan.-Sept. 1983)

1.	Anheuser-Busch Cos., Inc.	$13.6
2.	Procter & Gamble Co.	10.7
3.	General Foods Corp.	8.6
4.	General Mills, Inc.	6.3
5.	Toyota Motor Sales Co., Ltd.	4.7
6.	Bristol-Myers Co.	4.5
7.	Time Inc.	4.1
8.	Ford Motor Inc.	3.9
9.	Eastern Airlines	3.1
10.	American Home Products Corp.	2.7

*based on advertising placed on CNN, ESPN, USA, WTBS
Source: Cabletelevision Advertising Bureau

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the networks have to spend $250,000 and more each to generate the information. Agencies and networks have to ask what $250,000 could do in other forms of research."

Y&R's Mr. Tumpowsky recommends that the cable industry and agencies coordinate research efforts, buying data on an as-used basis and performing in-depth local market studies and combining them into a single national study. This process, Mr. Tumpowsky says, will serve the long-term needs of both national and regional networks plus local cable interconnects.

The broadbased cable networks are really in a tough position, Mr. Hecht says. "If they drop Nielsen, they lose what they've accomplished. If they don't get substantially larger sample sizes, they won't grow in proportion to their viewing levels."

The research problem is amplified for the selective-audience networks. If cable's mass networks are experiencing sales difficulties because of inadequate sample size, the inadequacy of data for targeted networks will be even more dramatic.

Mr. James at DDB says household ratings should be expected only of the programing networks that mimic the broadcast networks, such as CBN, USA Cable and WTBS. He holds that the other networks should be sold not on numbers, but on a target audience basis.

"Lifetime and ARTS & Entertainment," Mr. James says, "should not be evaluated on a household cost-per-thousand basis. We need better research to support these networks. Agencies can take advantage of the situation today, because with only household information available, we price networks using this information. We're able to buy selective audiences using mass audience cpms."

Mr. Hecht emphasizes the potential of people meters, which provide some insight into the quality of the viewership, as a possible solution to cable's research woes. "But people meters alone will not be enough without significant increases in sample size," he says. Mr. James adds that "we all recognize the need to go further, but we need more action from the cable networks."

Putting sales skills to the test

Cable's salespeople and management face a difficult challenge. "Cable has not been around long enough for its value to be firmly established," Mr. Alter, CAB president, says. "The law of ad nature brings advertisers to value and to audience. Cable offers value delivered and, therefore, it will continue to grow."

For now, however, Robert Sieber, vp-research, TBS, says, "A mature cable network sells 40% to 50% of its inventory; a starting network sells an average of 20%. Cost per thousand is low in an effort to increase the sell-out. Our need is to increase demand."

The viability of cable's ad sales may be a matter of supply and demand. "The reason the broadcast networks can increase their prices," Mr. James says, "is to increase demand for a fixed amount of inventory. The way for advertisers to put a ceiling on broadcast cpm increases is to support the creation of more inventory. It is in the advertisers' interests to support cable networks."

According to InfoMarketing Group's research, ad leaders give high marks to cable salespeople and management for working hard to overcome some difficult obstacles. "Cable salesmanship is three to four times as good today as two years ago," Mr. Daubenspeck says. "There is nothing like adversity to sharpen sales tools, and the networks are trying hard to improve."

Most executives say they believe that cable management's broadcast roots created early problems for the industry. Mr. Tumpowsky says salespeople who brought to cable a broadcast mentality and hands-out attitude did their cable networks more harm than good. Selling broadcast slots is a system of order taking, says Block Drug's Mr. Geller, while selling cable requires a great deal of effort and skill.

David Moore, vp-sales, Lifetime, New York, wants to assure agencies that the networks *are* putting a lot of effort into developing their sales personnel's skills. "We're spending a lot of time educating our salespeople and developing sales skills. There's always room for improvement."

Richard C. Anderson, executive vp-corporate media and programing, Needham, Harper & Steers, New York, says there is indeed room for improvement. "Cable networks have to get down to a numbers-oriented sell in order to get revenues. Yet there is a much greater opportunity if salespeople had a better understanding of how products are marketed and how advertisers use media to market a product."

This claim that the sales efforts of many cable networks are marred by inexperience is echoed by Mr. Semsky. "Salespeople need to understand that advertising is a small part of a client's business. They need to learn more about our clients' businesses and the dynamics of agency and client relationships. "But," he adds, "there have been some very heroic sales efforts by cable networks."

Lloyd Werner, vp, Group W Cable Communications, New York, stresses creativity in his organization's sales efforts for the Nashville Network. Mr. Werner says that when he first started selling for the ABC Television Network in the early 1960s, "we had only 18-to-49 demographics when agencies were buying total adults only. We persisted and, eventually, the agencies recognized women 18 to 49 as their primary demo. We believe the future of advertising today is the integration of commercials into the viewing product.

"We'll continue selling creative opportunities and wait for the world to catch up to us," he says.

The Nashville Network has been particularly effective in bringing new advertisers into the medium.

Sales for the network are strong and, according to InfoMarketing Group's research, Group W's sales efforts are considered among the most innovative in the tv industry.

Fostering creativity

Advertising executives repeatedly mention cable's unusual and inherent strengths as the primary reasons they advertise in the medium. "Cable is creating a more compatible environment for many brands," Mr. Spengler of Bristol-Myers says. "Advertisers can afford to spend modest amounts of money helping to support the medium

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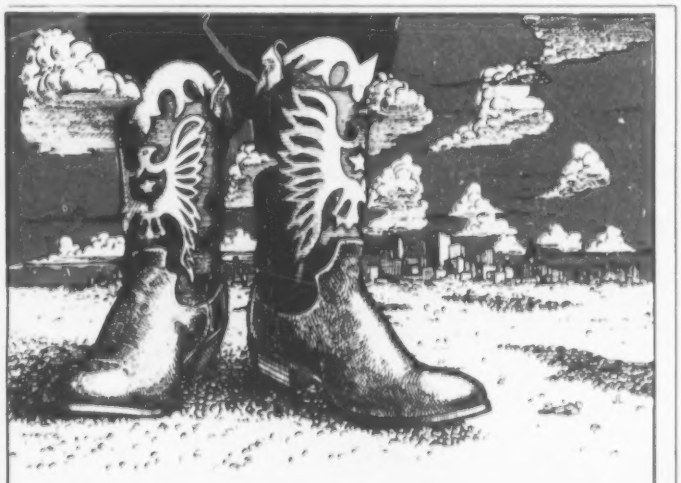
Top 10 ad-supported cable networks and superstations

(estimated ad revenues in $ millions)

1984		1983	
1. WTBS	$148.0	1. WTBS	$117.0
2. ESPN	60.0	2. ESPN	41.0
3. CNN	45.0	3. CNN	31.5
4. USA	41.6	4. USA	29.5
5. MTV	36.0	5. MTV	24.0
6. CBN	26.0	6. CBN	12.5
7. Lifetime	21.0	7. WGN	10.0
8. Nashville	17.5	8. CHN	6.8
9. WGN	12.0	9. Nashville	5.9
10. FNN	10.5	10. WOR	5.0

Source: Paul Kagan Associates' "Cable TV Advertising."



It used to be a tall order to catch the eye of the Texas market.

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More of the eyes you want to catch are watching TCN—the Texas Cable Network. TCN is the perfect vehicle to target in on the specific audiences you want to reach and eliminate the waste of expensive mass appeal advertising.

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Long spots long shots that pay

Long-form commercials have attracted enough interest to justify a full 24-hour network devoted to commercials. The real curiosity is that viewers appear to be willing to sit and watch nothing but commercials.

Tested last year in Peabody, Mass., this network, called CableShop, already has been rolled out to several cities. Originally, satellite delivery was scheduled for 1986. Viewer reaction has been so positive, however, that Adams-Russell, the network's developer, has targeted national satellite delivery for this year.

Garth Hallberg, general manager, CableShop, says the network has undergone enough testing. "We tested for nine months in Peabody and six months nationally. It's time to become a real player in cable." Mr. Hallberg headed J. Walter Thompson USA's exploration of infomercials with CableShop and became sufficiently convinced of the network's potential to change careers.

"The research [conducted by Polaris Research Associates] is extraordinary," he says. "Originally, many advertisers viewed CableShop as a shopping channel. But it's an information network for traditional package goods and services advertisers." National research established that CableShop has high appeal among those who are aware of it and that "the effectiveness of CableShop infomercials on viewers' awareness, attitudes and behavior is remarkable."

More than one-third of cable subscribers viewed CableShop regularly, with 67% of these viewers watching three or more infomercials a month. The researchers also determined that the infomercials improved attitudes toward both well known and lesser-known brands.

Advertisers, though, are hesitating. Jay James, senior vp-video technology/programing, Doyle Dane Bernbach, New York, is "waiting for CableShop to be in more than 250,000 homes. It doesn't justify a lot of analysis, and clients are not eager to be a part of it."

Arnie Semsky, executive vp, director-media and programing services, BBDO, New York, says, "It will be a long time before CableShop will be used on a regular basis. It has a role, but taking the 30-second creative mentality to a two-minute mentality will take some doing. The messages have to be entertaining as well as informative." However, Mr. Semsky says MTV's short viewing bursts, which are gaining viewer acceptance, complement infomercial viewing.

Mr. Hallberg recognizes that CableShop's growth will be measured, but says he believes initial advertiser and viewer acceptance justifies rapid expansion. "We have to prove to people over and over again that people are watching, and that infomercials have a remarkable impact," he says. "We'll keep repeating our research and advertisers will see their own results." —*J.M.*

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and build franchise positions for themselves."

Mr. Tumpowsky says, "Young & Rubicam looks at cable as a selective audience medium in which we can position clients whose brand personality matches the personality of a specific network." Programs developed for clients and client-originated programing help to provide a prime link between product and medium.

Mr. Semsky says cable's creative opportunities are just now being recognized. "MTV has become a part of the culture," he says. "Young people are becoming attuned to watching television in short bursts. They are accepting heavy repetition and looking at very colorful, lively productions.

"CNN is changing habits as well, by introducing news 24 hours a day, as it's happening," he says. Mr. Semsky is "looking to create commercials that are compatible to the environment in which they appear."

This emphasis on creative opportunities supports Mr. Werner's belief that "cable seems to be the only medium left that allows advertising to be integrated into the programing. Cable brings a whole new perspective to the viewer, and agencies will have to respond with new and different advertising."

To integrate advertising into cable programs, agencies will need to be satisfied with the quality of that programing. The key to this, according to most agency executives, is the networks' ability to produce high quality original programing.

The original programing for WTBS, one of the profitable ad-supported cable services, has done extremely well, Mr. Tumpowsky says. CBN's current programing mix of movies and off-network product "attracts substantial audiences that generate advertising revenues," Mr. Greenlaw says.

Surprisingly, agency and client leaders express positive and optimistic attitudes toward cable programing. There "aren't enough great programs to fill up seven days a week," Mr. James says, "but they are certainly available. And the vertical programing networks are generally of consistent high quality and offer advertisers a real advantage."

Needham's Mr. Anderson says, "One of cable's early errors was that the industry totally overestimated advertiser response and overspent on programing. Now they are finding more sophisticated ways of spreading their investment costs.

"Cynicism," he adds, "says that programing will fall to the lowest common denominator. But that's not happening. Eventually, cable networks will truly give viable options to viewers and advertisers."

Localization wins and loses

National cable networks' difficulties in generating ad support are magnified dramatically for regional networks and local cable systems. However, most industry experts affirm that both will become major elements in the ad mix.

Some experts suggest that local cable advertising may become even more important than national advertising because of advertisers' need and ability to pinpoint audiences demographically and geographically.

"There is tremendous localization in the United States," Needham's Mr. Anderson says. "Markets are more unalike than they are alike. To work out marketing plans, we are often forced to seek common denominators, but we know [that] media work differently in different markets. Business is very local, and local and regional marketing opportunities are very exciting."

Most executives recognize major obstacles to local cable buying within the next few years. Only 20% of all systems accept ad inserts now, and, as Burnett's Ms. Zenaty says, "everyone thinks out-of-pocket costs are low, but the costs per thousand can be very large."

The lack of measurement and the inability to buy complete markets appear to be the major obstacles. "Pricing tends not to have the logic of the pricing of national cable networks," Mr. James says. "And there is very little local measurement worth anything."

The CAB's Mr. Alter says the industry is working on these problems. "Every major multiple system operator has made a commitment to build local sales. They have not thought about advertising as part of their local business, but they now see it as a revenue stream."

Ms. Zenaty says cable's viability as a local ad medium will hinge on interconnects, which must approximate the system advertisers use to place spots on local commercial tv. It also must be priced accordingly, she says.

Cable Networks Inc. is launching interconnects in several markets; Gill Cable has been successful in the San Francisco market for years, and CBS is creating an interconnect in the Chicago market. Other ad hoc interconnects also have been formed in several cities. However, national sales efforts are uncoordinated, and most observers believe the initial support for local cable will come from the retailing industry.

BBDO's Mr. Semsky points to $21 billion spent annually in local newspapers and says he believes local cable systems and newspapers will develop joint ventures, offering both circulation and advertising opportunities.

However, the "Electronic Media Report for the Retailing Industry," published monthly by the American Media Council and Retail Advertising Conference, says, "Television itself is a secondary medium for most retailers. Cable television, therefore, is not a high priority."

The newsletter makes an exception for MTV. "MTV could be considered a specialty medium for juniors' promotions. MTV is having a significant impact on the fashion industry."

Wendy Levine, media director for Bloomingdale's, sums up retailers' general attitude toward cable: "We have a limited budget for tv and don't believe we are thoroughly covering that medium yet. It's not practical to move into cable."

Another strong prospect for local advertising lies in the sports arena. Several new regional sports networks were launched recently and others have expanded into more markets. Although televised sports seems to be overabundant, most agency and client experts say they believe expanded sports coverage will help support the regional networks. According to BBDO's Mr. Semsky, "The more sports there is on television, the more viewers will gravitate to their local teams where interest is highest.

"Regional networks will be successful to the extent that they offer programing not available on broadcast networks," he says. "They also have the advantage of combining subscriber and advertising revenues."

4,750,

The rides are rolling across the U.S.A.

An Advertising Age roundup

Memorial Day is the traditional summer kickoff for theme parks across America. From Disneyland in sunny California to Dogpatch U.S.A. in Arkansas, the parks have begun their summer campaigns to make sure fun-seekers know there are attractions all season long.

King's Island, **Cincinnati**, for example, unleashed its King Cobra, a roller coaster you ride standing up. Thirty-second tv spots boasting "Ride it if you can stand it" are airing in Cincinnati, Dayton, Columbus, Lexington, Ky., and Louisville and run through June 10.

Print, outdoor boards and radio support, some featuring surrounding attractions, including the Jack Nicklaus golf course and King's Island Inn. Sive Associates, Cincinnati, is agency for the $2.5 million advertising campaign.

Kennywood Park, outside **Pittsburgh**, tapped Pittsburgh Steelers linebacker Jack Lambert to tout its thrilling message. Outdoor boards in 25 locations show Mr. Lambert upside down on a roller coaster. Tv and radio support, with the tv spots from last year being recycled; they show Mr. Lambert losing a battle with Kennywood's roller coaster. MARC & Co., Pittsburgh, is handling.

Jack Lambert, all-pro linebacker for the Pittsburgh Steelers, flips for the roller coaster at Kennywood Park outside Pittsburgh in a campaign created by MARC & Co. This is Mr. Lambert's second year in association with the park.

Bally Mfg. recently purchased Marriott's Great America in **Gurnee, Ill.**, northwest of **Chicago**, and put it under control of its Six Flags unit. Now called Six Flags Great America, it is promoting a new attraction, the White Water Rampage, with two 30-second tv spots that beckon "Get carried away at Great America." A 30-second radio spot supports. Smith Burke & Azzam, Baltimore, handles. Three additional 30-second tv spots are planned.

Great America is involved in a tie-in campaign with Coca-Cola, a promotion centered around the Rampage. The theme park offers prizes—including free tickets, buy-one-get-one-free tickets, season passes and discount admissions—in specially marked Coke containers.

Six Flags has its theme parks spread all over the country. Each has its own agency and promotes specific attractions, according to Allen Edel, director-corporate marketing, although, in total, Six Flags has a $20 million annual ad budget. Six Flags promotes such "family-oriented rides" as the Sarajevo Bobsled (in California and New Jersey) and Air Racer (in Texas and Georgia).

Regional report

Media messages vary, depending on the audience; the bulk is in tv and some radio, print and outdoor.

Della Femina, Travisano & Partners, Los Angeles, handles Six Flags Magic Mountain in **Valencia, Cal.**, while the agency's New York office handles Great Adventure in **New Jersey** (where eight teen agers died recently when fire destroyed the Haunted Castle walk-through attraction).

McCann-Erickson, Dallas, handles Six Flags Over Texas (slogan: "Let us take you away"), which is located in **Arlington, Tex.**, and has a $1.5 million ad budget allocated mostly for tv. Radio and newspaper support special promotions, including teen-agers' concerts. J. Walter Thompson USA, Atlanta, handles Six Flags Over Georgia (slogan: "Come see what we dreamed up now") in **Atlanta**, which gets a $2 million budget used primarily for tv, with radio and newspaper support for special promotions.

St. Louis-based Six Flags Mid-America uses Stolz Advertising. Media for Mid-America is placed by Advanswers. Both agencies are based in St. Louis.

There's also Six Flags Atlantis near **Miami**, handled by Steve Walker & Associates, Fort Lauderdale, and Auto World, **Flint, Mich.**, handled by McCann-Erickson, Detroit.

In **Houston**, AstroWorld uses McCann-Erickson's office there and has a budget exceeding $2.5 million. Ads promote a new roller coaster and an Enchanted Kingdom park for adults and children.

There are few genuinely competitive geographic markets, but one is the **Los Angeles area**, where there is competition among Six Flags, the Universal Studios tour, Disneyland, Knott's Berry Farm and others.

One of those competitors, Walt Disney Productions, promotes attendance at both Disneyland in **Anaheim, Cal.**, and Walt Disney World in **Orlando, Fla.**, through special-events programing.

This summer, Disneyland celebrates Donald Duck's 50th birthday, and a tv campaign is planned in Southern California, plus additional spending in "gateway" cities, including **San Francisco**, **Las Vegas** and **Phoenix**.

A new Alice in Wonderland attraction opens and an "America the Beautiful" presentation, called "American Journeys," presented by Pacific South Airways, opens in July, the company said. Vista Advertising, an in-house agency, handles.

Disney is considering potential sites for new theme parks in Europe and has a licensing arrangement with Oriental Land Co. for Tokyo Disneyland.

"You cannot compete with Disney. It's the No. 1 attraction in the universe," said Thom Stork, marketing director of Busch Gardens in **Tampa, Fla.** But Mr. Stork said Busch Gardens' ad budget has increased in recent years, due to inflation and for test-marketing programs to youths and senior citizens. The youth crowd gets a Saturday morning tv cartoon effort. Needham, Harper & Steers/USA, Chicago, handles.#

Ad believability low

(Continued from Page 3)

lievable"), the mean score in February was 2.31, or slightly above "somewhat unbelievable." In general, the higher the income level, the lower the believability ranking. People in the South Central states ranked believability higher than the national average, and people in the western region rated it lower than average.

Respondents also were asked which media they rely on most to make day-to-day purchases and major-product purchases. For day-to-day purchases, newspapers continued to be the leading source of information. But for major purchases, more people listed in-store advertising.

In both instances, Yellow Pages advertising has continued to increase in mentions across the three studies.

Tv advertising as a source of day-to-day purchase information is more important among younger people and minority respondents. People in the 25-to-34 age group report more reliance on magazine advertising than do other groups.#

NCTA's convention

(Continued from Page 3)

would let cable operators set the price of their basic service without local restrictions.

"Our cost of basic service has gone up and we want to pass that on to the subscribers," says Ed Bennett, exec vp, Viacom Cable.

Another means of gaining incremental revenue is a stepped-up drive to crack down on illegal theft of service, said David Schreff, director of affiliate marketing for Showtime/Movie Channel.

According to Mr. Schreff, the cable tv industry is losing $500 million to $700 million annually through theft of service.

A Showtime survey of four states revealed that as many as 20% of the subscribers in a cable system may be stealing the service's signal.

Industry executives also fear they soon may lose paying subscribers to home video. "Almost in the last six months alone, the videocassette market has doubled. I find that a little concerning," says Mr. Bennett.#

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Set goals, then test

NEW YORK—Marketers can take the controversy out of testing copy for tv if they define their objectives better.

That's what Joseph Eastlack Jr., group manager-marketing research, Campbell Soup Co., told members of the Advertising Research Foundation at a conference on tv copy research in New York May 30.

He said that copy testing often is controversial because the purpose of the advertising is not defined clearly in the first place.

There isn't any field in marketing and advertising research subject to more opinion and controversy, he said in explaining why the association is devoting two days to the subject.

Researchers can argue for hours over which type of service proves to be the most valid, Mr. Eastlack noted.

Advertisers, he said, should determine whether the purpose of the commercial is, for example, to increase awareness, gain trial, remind consumers to buy or use up, encourage repeat purchase, reinforce present users' attitudes or resolve doubts.

When these are determined, then what the measure should be is quite clear, he indicated. For example, if the purpose is to increase awareness, advertisers should measure impact; if it is to gain trial, measure impact, name registration and benefit recall; if it is a reminder, measure the saliency to the use occasion.

Campbell, he said, has put this to work in its copy testing.

Mr. Eastlack said he is just arguing for a little sanity. "We just need to back up and do some homework before we decide on using a certain method of research."#

Advertising Age

The International Newspaper of Marketing®

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New entrants bring tears to Visine market

By NANCY GIGES

A new category of eyedrops is drawing interest from marketers that may be trying to cut into the lucrative Visine business.

Rochester, N.Y.-based Bausch & Lomb and Ketchum & Co.'s Bio-Products, New York, both are testing "tear replacement" eyedrops for people whose eyes don't produce enough tears.

Products such as these have been marketed professionally by eye-care specialists to contact-lens users for some time. There has been virtually no consumer advertising on these items.

Because the category is small, marketers view repositioning to general consumers as an attempt to

(Continued on Page 74)

For eyes that don't make enough tears, several marketers now are offering "tear replacement" drops. Bausch & Lomb is supporting a test of its Moisture Drops with this ad in Austin, Tex.

At Last—Instant Relief For Itching... Burning... Dry... Irritated Eyes Due To "MOISTURE POOR EYES"

New Moisture Drops - from Bausch & Lomb, soothe, comfort and refresh eyes that don't make enough tears... enough moisture to relieve itching, burning, dry irritated eyes.

Special moisturizing formula gives lasting comfort and protection against the irritations of smoke, dust, pollution.

Unlike the leading brand of eye drops, you can use new Moisture Drops as often as needed.

BAUSCH & LOMB

The First Choice of Eye Care Professionals

SAVE 75¢ ON NEW BAUSCH & LOMB Moisture Drops FOR THE EYES

75¢

Competitors shrug off big AT&T promo

By ROBERT RAISSMAN

American Telephone & Telegraph will launch a multi-million-dollar campaign next week to support a new premium promotion.

But MCI Communications, its major competitor for long-distance phone customers, said it will wait and watch before deciding whether to get into a "dialing for dollars" showdown.

While reserving the right to make a similar move, MCI execs were highly skeptical of AT&T's promotion, calling it a "gimmick." They said the promotion was a clear sign that AT&T has given up the price battle. MCI has been stressing its lower prices in ads (AA, May 28).

Another competitor, GTE Sprint, a unit of GTE Corp., called the AT&T promotion a different type volume-discount package. Sprint says that since last January it has been offering a discount pricing plan, including volume discounts and no monthly fees.

There are 200 separate companies capable of providing discount long-distance service. However, none of them has yet made their presence felt in the way AT&T, MCI and Sprint have. Two

(Continued on Page 72)

Promo pinch at Gen. Mills?

By JANET NEIMAN

General Mills is disclaiming any liability on the results of a sweepstakes it advertised last month and then canceled a week later, but a source said there might be millions of dollars in winning game pieces outstanding.

General Mills called that report "ridiculous," saying it had "no significant liability" as a result of the sweeps cancelation. A

(Continued on Page 8)

Silver's in agency hunt

By SCOTT HUME

Add Long John Silver's Seafood Shoppes to the list of major restaurant chains shopping for agencies. That list already includes Pizza Hut and Godfather's Pizza.

The 1,342-store Long John Silver's chain, owned by Lexington, Ky.-based Jerrico, has terminated its relationship with Jordan, Case & McGrath, New York, which had handled the $20 million broadcast creative (only) account since 1980.

Jerrico's in-house Abbott Advertising handles media placement and newspaper advertising, and will continue to do so after a new creative shop is named.

Meanwhile, Pizza Hut indicated creative will not be the deciding factor in its search to replace Foote, Cone & Belding, Chicago, on its $20 million national account (AA, May 7). That chain last week narrowed the list of finalists to Ogilvy & Mather and Ammirati & Puris, both New York, and Chiat/Day, Los Angeles.

Pizza Hut vp-advertising Dave Ropes said the three presentations will involve "only agency personnel and business strategy observations." No creative presentations will be prepared.

"I think that's more professional," he added. "We're looking at the long-term rather than a single campaign."

A Jerrico spokesman said Jordan, Case & McGrath had been dropped because it "was not considered large enough" to handle "additional directions" Long John Silver's intends to pursue.

But some restaurant industry observers saw more than coincidence in Jerrico's move so soon after Pizza Hut left FCB open to find a new restaurant account.

They point to the recent appointment of Anthony Lavely as Jerrico's senior vp-marketing (AA,

(Continued on Page 72)

Tab moving to SSC&B

By NANCY GIGES

Just two weeks after unveiling a new Tab campaign introducing a new formula, Coca-Cola USA has moved the diet cola to SSC&B, which also handles Diet Coke.

Both SSC&B and the former Tab agency, McCann-Erickson, are part of the Interpublic Group of Cos. The Tab budget is estimated at $50 million.

Brian Dyson, president of

(Continued on Page 8)

last minute news

Ally gets bite of Polaroid's ad business

CAMBRIDGE, MASS.—Polaroid Corp. has assigned Ally & Gargano to its PerfectData floppy disc. The agency also has been given a creative assignment on a Polaroid camera. In the past, Polaroid has given special assignments to agencies other than its long-standing shop, Doyle Dane Bernbach. The marketer's 1984 billings are estimated at $40 to $50 million.

Saatchi's interest in DDB Int'l continues

NEW YORK—Saatchi & Saatchi reportedly is still interested in purchasing Doyle Dane Bernbach International, despite DDB's claim that it is not for sale (AA, May 21). DDB confirmed that Saatchi has expressed interest, but it maintains that there have been no new proposals recently.

Heileman's L.A. heads for Midwest

LA CROSSE, WIS.—G. Heileman Brewing Co. this week introduces Old Style L.A. in the Midwest, its third entry in the low-alcohol beer mar-

(Continued on Page 8)

NEWSPAPER

ADC visitor in May

AA
DC2001ACONGLI FMJF M
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

Brickbats fly in California primary

Vote trail ends with harsh talk

By JENNIFER PENDLETON

LOS ANGELES—The Democratic presidential candidates, ignoring calls to foster party unity, pushed their advertising bandwagons even further down the nasty track last week while campaigning in the make-or-break California primary.

'84 Marketing the Candidates

In tv and radio commercials airing through the June 5 primary, both Walter Mondale and Sen. Gary Hart blast each other by name.

The importance of this last major primary may have spurred the candidates to pull no punches. The California race, observers agree, is too close to call.

According to a *Los Angeles Times* poll published last week, the two candidates are virtually even in the nation's most populous state, with Hart preferred by 29% of the Democrats likely to vote, compared with Mondale's 28% and Jesse Jackson's 11%. About 30% of the Democrats were undecided.

In addition, with the campaigns

(Continued on Page 70)

N.J. a 'tough buy'

By MARK LIFF

The Mondale and Hart campaigns found New Jersey to be a difficult media buy as they headed into the state's June 5 primary.

"It was a tough buy, an expensive buy," said Eleanor Tillinghast, a media consultant to Sen. Gary Hart's campaign. "It was difficult to target because we were not dealing with the local media."

For the candidates, New Jersey is unique because the target audience is scattered all over the state and reachable by broadcast media in New York and Philadelphia, two of the costliest markets.

In addition, there is no Arbitron ratings book for individual New Jersey markets, forcing the candidates to determine a radio station's reach before making commitments.

"From a media standpoint, it was difficult to ascertain who listens to what," said Judy Traboulsi, a media buyer for the Walter Mondale

(Continued on Page 70)

BEST AVAILABLE COPY

Suit hits N.J. legal ad rules

By JOSEPH LAURA

HACKENSACK, N.J.--A requirement that ads be presented with "dignity" has touched off a challenge to New Jersey's strict regulation of attorney advertising.

The legal action is the first attempt to overturn a recent state supreme court ruling mandating that all legal advertising be presented in a "dignified manner" and banning all "drawings, animations, dramatizations, music or lyrics."

The suit, filed last week by the Princeton Junction, N.J., law firm of Felmeister & Isaacs, challenges the ruling, which earlier this year upheld the guidelines set by the state's Office of Attorney Ethics.

A state superior court judge will hear the evidence and then present it to the state supreme court, which is expected to hear the case during its fall session.

The state's rules were issued to protect "the integrity of the legal profession and to protect the public from misleading legal advertising," according to the state attorney general's office. The New Jersey Bar Assn. supports the court's ruling.

In arguing for the guidelines, the attorney general's office wrote, "Any consumer-useful facts that might be conveyed by the use of jingles, lyrics, cartoons and the like can be communicated freely and explicitly via the written and spoken word. These devices would offer little if any consumer-useful information and are more likely to attract clients for reasons other than those that are relevant to the selection of appropriate counsel."

One of the plaintiffs, Hanan Isaacs, testified that his firm had used drawings depicting various

(Continued on Page 74)

ABC's "with you" this summer in promos featuring series stars; CBS still has "the touch," and NBC has new special effects for its "Be there."

Networks warm up fall promos

By DIANE MERMIGAS

NBC will resort to special-effects hype, CBS will try to establish more intimate ties between series stars and viewers and ABC will attempt to convert Olympics spectators into regular network fans with animated promos for its prime time shows.

Such will be the principal tactics of the networks in their promotional battle for viewers this summer as they approach the fall tv season.

A lot of things will change about the way the networks market themselves, but Steve Sohmer said his flair for unconventional promotions as senior vp of NBC Entertainment isn't one of them.

"What the competition has failed to grasp is that for the past several years, we have been engaged in the reinvention of the television promotion," Mr. Sohmer said of the NBC promotions that stirred so much interest and controversy last season.

"The humor we have used, the unusual way we have promoted our shows, the tongue-in-cheek picking on the other guys, all have been part of it," he said.

Some in the industry, however, thought Mr. Sohmer's efforts subsided last season after they yielded only lukewarm response and results. Some surmised that top NBC brass became impatient with the gimmickry and requested a more conventional, direct approach. Mr. Sohmer said that's not so.

"Early last season, when we were faced with the failure of so many shows at once, we suddenly had less time to spend on doing unusual things," he said. "But the promotional approaches we tried. . .regardless of whether the shows themselves worked, were very successful."

This coming season, with a revision of last year's call to arms—"Let's all be there"—NBC will enter the realm of special-effects

(Continued on Page 70)

Syndication buys may trim net hikes

By JAMES P. FORKAN

NEW YORK—Barter syndicators, in a break from tradition, have been conducting their own apparently successful version of an upfront tv selling season. It already may have held the networks' children's programing rate hikes to a minimum and many agency execs hope it will do the same for prime time.

According to various estimates, barter syndication's ad volume for 1984-85 could jump by nearly 15% to $350 million or so.

Some agency execs say there is no comparison between that figure and the anticipated $2 billion or so the three networks anticipate. But many agencies are supporting the concept of a barter upfront season as a bargaining wedge for their imminent network purchases.

"The number of advertisers buying 52-week barter syndication flights upfront is staggering compared to previous years," said one high-level exec at a major agency. " 'Entertainment Tonight' is sold out for the year. 'Solid Gold' is gone. 'Hour Magazine' and 'PM Magazine' are sold out on an upfront basis," he said. "There's been lip service about this before, but this year the blue-chip advertisers are really doing it. There's a couple hundred million dollars going into syndication before the network prime time upfront season. That $200 million or so is the money that was going to cover the networks' price increase. It isn't in the market any more, and it's going to force network prime time prices to increase only about 4% or 5%."

The tv networks' sales staffs remain bullish on the upfront prime time package buys, without going into projections on dollar figures or pricing for the various dayparts. Larry Hoffner, NBC's vp-national sales, said that its news upfront is virtually sold out. Pier Mapes, NBC-TV Network president, told his affiliates in late May that NBC, fresh from enjoying double-digit sales gains in the second quarter (due largely to "V" and strong sophomore series in prime time) and a nearly sold out third-quarter, has upfront sales well under way in daytime and sports. ABC's Jake

(Continued on Page 72)

highlights

Monday, June 4, 1984

Toro Co. executives could relax and stop studying the daily weather reports last week, as their winterlong promotion came to an end. Toro offered refunds to snowthrower buyers who "suffered" less snow than their hometown's average. *See Page 10.*

William Grant & Sons, importer of Frangelico liqueur, is suing an Italian distillery and the American marketer of Florenza liqueur. Grant claims Florenza is being "palmed off" as Frangelico. *See Page 12.*

Is your pet's healthcare making your wallet sick? Then get ready for Veterinary Pet Insurance. *See Page 14.*

CORPORATE CLOSEUP

In just 15 years, ChemLawn Corp. has gone from a small business to the top of the $500 million residential lawn-care market. Now, it's branching into other activities. *See Page 4.*

INTERNATIONAL

Burger King appears ready to establish a presence in Taiwan to challenge McDonald's, which opened its first Taiwanese outlet in January. A company spokesman says Burger King is actively considering a move into Taipei. *See Page 39.*

Even though commercial support for the Wimbledon Lawn Tennis Championships is growing, tv viewers will be hard-pressed to notice it when the famed tournament gets under way later this month. That's because corporate sponsors are forced to play a behind-the-scenes role in the tournament. *See Page 39.*

A.C. Nielsen Co. is expected to shake up the Chilean marketing scene this month when its nationwide coupon clearinghouse begins operations. Cents-off coupons have been a rarity in Chile and have been offered by only a few retail chains in the past. *See Page 40.*

Spanish ad agencies are becoming a hotbed of advertising creativity. In the last two years, increasing numbers of multinational advertisers have been turning to Spain for creative, pan-European ad campaigns. *See Page 40.*

VIDEOTECH

It has been tried before—unsuccessfully. However, backers of AdSat, a system of transmitting advertising to commercial tv stations by satellite, think the idea's time has come and expect to begin the service after Labor Day. *See Page 48.*

COMING THURSDAY IN *Magazine*

Three young achievers in the advertiser-marketing business have thrown themselves head-first into their careers, and they have rapid advancement to show for it.

The consumer electronics industry is caught up in an unprecedented buying frenzy as more new products clamor for attention. *In special report.*

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Chipwich sued by Leber Katz

By GAY JERVEY

NEW YORK—After months of frustrating negotiations, Leber Katz Partners—the agency for Chipwich Inc. since it first began peddling ice cream novelties three years ago—has sued the company for $128,515 in unpaid bills.

In its suit in state supreme court in Manhattan, LKP also charged that Chipwich misrepresented its insolvent financial condition. Chipwich, LKP contends, falsely promised that it could pay its debts in an attempt to encourage LKP to extend it further credit.

The Fort Lee, N.J.-based Chipwich also is being sued in Nassau County supreme court by its former food broker, Vantage Food Marketing of Port Washington, N.Y., which claims that for well over a year Chipwich has owed it about $50,000 in brokerage fees, as well as miscellaneous unpaid invoices and out-of-pocket expenses.

■ Chipwich chairman and founder Richard La Motta termed the LKP suit "self-explanatory."

"We have not had bad words with them [LKP]," he said, "but they have carried us for a long time, and it just came to the point where they wanted their money. We

(Continued on Page 74)

Mrs. Paul's drops breading

By BRIAN MORAN

Mrs. Paul's Kitchens hopes to bolster its position in the growing low-calorie frozen-fish business by testing seven new entrees in its Light and Natural line.

The Philadelphia-based subsidiary of Campbell Soup Co.—which has been battling two tough competitors for frozen-fish market share claims that its new offerings are free of breading, a first.

Mrs. Paul's began testing the entrees last fall in Harrisburg, Pa., and extended the trial to the St. Louis and Louisville-Lexington, markets in February. The effort has been supported with local tv commercials and inserts in local newspapers and regional editions of *Good Housekeeping*, *McCall's* and *Redbook*, according to George Piszek, senior vp-sales and marketing for Mrs. Paul's, Scali, McCabe, Sloves, New York, handles.

No date has been set for a national rollout, Mr. Piszek said.

The tv spots carry the tag lines: "Seven tempting food entrees that are low in calories and microwavable. For people who love seafood but don't love to cook it." The entrees, less than 300 calories each, are packaged in heat-resistant oven trays or boil bags.

Mrs. Paul's entered the low-calorie fray in January, 1983, with Light and Natural fish fillets. The company backed the Light and Natural fillets with $5.5 million in measured spending last year, $5.2 million of which went for network tv.

The new Light and Natural entrees—which include shrimp, scallop and sole dishes—are positioned to compete against low-cal single-dish offerings from Van de Kamp's Frozen Foods and Gorton's, as well as Stouffer Foods' Lean Cuisine line (which includes two fish items among its 10 entrees).

Gorton's, the Gloucester, Mass., subsidiary of General Mills, rolled out its low-calorie line, Light Recipe, last August. Gorton's supported introduction of the nine Light Recipe varieties with measured spending of $2.1 million in 1983.

Mrs. Paul's holds about 27% of the $500 million frozen prepared seafood market. Van de Kamp's, with 21%, is second, followed by Gorton's at 16%.#

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GO AMERICA

Frozen fish sales (tonnage)

Per cent of market held by the different product classes of frozen fish. *Source: SAMI.*

Product class	1979 Share	1983 Share	Change
Breaded fish sticks	25.2	29.6	+4.4
Breaded fillets/steaks	28.5	29.6	+1.1
Raw unbreaded fillets/steaks	15.3	16.2	+0.9
Breaded fish portions	13.5	7.6	−5.9
Breaded shrimp	6.7	5.7	−1.0
Peeled shrimp - cooked & raw	3.9	4.8	+0.9
Fried clams	0.8	1.3	+0.5
Deviled crab cakes	1.0	1.0	—
Scallops	1.2	0.4	−0.8
All others	3.9	3.8	−0.1
Total	100.0	100.0	

Frozen fish tread water, SAMI says

HONOLULU—New-product activity in the frozen fish category has not kept pace with the rest of the frozen food section, an executive of Selling Areas-Marketing Inc. told members of the National Fisheries Institute at a convention here recently.

New frozen fish items accounted for 1.83 million pounds during the year ending March 2, but those items accounted for only 0.6% of total frozen fish retail sales, according to figures supplied by Alan B. Miller Jr., vp-sales services manager at SAMI.

Of the 70 new brands of frozen fish introduced since the beginning of 1980, only two million-dollar brands have been launched, he said, while 58 million-dollar brands in other frozen categories have been introduced.

Mr. Miller told members of the institute that frozen fish and frozen fish entrees represent one-third of the $2.8 billion retail sales in the processed fish category (which includes canned and frozen fish), and 29% of the more than 1 billion pounds.

Canned fish, including salmon, sardines, shrimp, tuna and other products, comprise most of the category, he said.

■ Dollar sales of frozen fish have increased during the 1980s, partially because of "a change in the mix of products offered featuring new high-quality items, especially among breaded and battered fish sticks, and gains in higher-price frozen shrimp in 1983."

During 1983, he said, frozen fish tonnage was 7.5% below the 1979 level.

In the huge canned fish category, Mr. Miller said dollar sales of canned tuna have increased 16%, but pound sales have increased only minimally.#

The top of the Australian market:

THE BULLETIN reaches it best.

Australia's standard of living is high. And the gap between rich and poor is less dramatic than in other developed countries. But don't be misled. For even here the core of a selective advertiser's market is identifiable by income, education, job responsibility, life style and purchasing habits.

The key to reaching those primary sales prospects is THE BULLETIN, the 103 year-old news weekly that prosperous, well-placed Australians depend upon for commentary, interpretation and lively journalistic coverage of their own country and the world.

Atypical

THE BULLETIN's audience is not a cross-section of 15 million Australians. Compared to the national average:

- Over three times as many BULLETIN readers earn $30,000+.
- Twice as many BULLETIN readers plan to take an overseas trip.
- Nearly one and a half times as many BULLETIN readers bought a new car in the last twelve months.
- Two-thirds more drank wine in the last week.

It is also unmatched among Australian media. More people in the $30,000+ income group read THE BULLETIN than any other news/business publication—40% more than Time, more than twice as many as Newsweek, and 32% more than The Financial Review.

Ahead of the pack

Advertisers, both local and international, recognize what THE BULLETIN can do for them. Compare its 1983 performance with the Australian editions of Newsweek & Time: 206% more pages than Newsweek, 87% more than Time. In revenue, 483% greater than Newsweek, 62% more than Time.

That means THE BULLETIN attracted more dollars *and* pages than the local editions of Time and Newsweek combined.

In good times and bad

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U.S. wine industry uncorks sales hike

By JOHN C. MAXWELL JR.

The U.S. wine industry increased its shipments by an estimated 2.4% in 1983, accounting for a total of about 560 million gals.

California's volume rose 1.1% but without the inclusion of California Cooler would have declined slightly. Other states' shipments buoyed the domestic market, which finished the year up an estimated 1.1% over-all. Shipments of imported wine to the U.S. rose 7.2% and now account for over 23% of the market, up from 22.2% in 1982.

Per capita consumption of wine in the U.S. was up in 1983 after showing a slight decline in 1982. The preliminary figure for last year is 2.41 gals. per person. The warm summer weather and the popularity of wine coolers aided wine consumption, as well as other beverages such as soft drinks.

E.&J. Gallo, the No. 1-ranked producer by a wide margin, continued to increase its market share and volume. Gallo's shipments rose 6.5% and it gained one percentage point in terms of market share. R.J. Reynolds' Heublein wine operation (formerly United Vintners) experienced a shipment decline of 16.8%, while losing share slightly. Comparisons were difficult because last September, Heublein divested its lower-price domestic wine brands. The operations retained by Heublein, chiefly Inglenook wines, increased shipments 1.9%.

Heublein retained the No. 2 position ahead of The Wine Spectrum, which was acquired by Seagram from Coca-Cola in 1983. Results were mixed as far as the rest of the top 10 domestic producers were concerned. Franzia fell from seventh to ninth place, as Monarch and Guild moved up to seventh and eighth, respectively. The rest of the rankings in the top 10 were unchanged from 1982.

California shipment figures may be inflated somewhat due to the tremendous success of wine coolers, particularly California Cooler, a combination of wine with carbonated citrus flavorings, which has enjoyed tremendous success since it was introduced by California Cooler in 1982.

In 1983 this brand, which now accounts for about 80% of the wine cooler market, had sales of approximately 5.4 million gals. compared to 400,000 gals. in 1982. The 1983 figure represents about 1.5% of the California market and about 1% of the total domestic market. Had it not been for the inclusion of California Cooler, the state's shipments would have been down about 0.3%.

Imports gained a share point in 1983, to 23.2% of all wine consumed in the U.S. Imports are expected to gain again in 1984, by year's end they should account for over one-quarter of the market.

Last year's strong performance was basically a result of the same factors that were at play in 1982: The continuing strength of the dollar, gluts in European markets in the face of declining per capita consumption in some countries and lower production and marketing costs, thanks to European producers being subsidized by their governments.

All of these factors combined to increase the price attractiveness of imported wines to the U.S. consumer.

In addition, wines such as Riunite and Cella seem to have found a special niche by offering consumers in a nation accustomed to soft drinks just what appeals to them: A fruity, sweet, lightly carbonated wine that is served cold.

It has become increasingly difficult for domestic producers to combat the continued erosion of the U.S. market by imports.

Although pressure for passage of the Wine Equity Act and similar types of legislation has increased, it is doubtful that a tax will be levied on European wines because wine is not a major agricultural product in the U.S. as it is in Europe.

If the U.S. instituted such a tax, the EEC could retaliate by instituting tax penalties on certain U.S. agricultural products such as soybeans. About the only thing domestic producers can do until the dollar levels off somewhat is fight imports through price reductions.

Another reason for the growth of imports has been their increased marketing pressure on domestics, possibly a result of better margins and government subsidy programs.

Domestic producers likely will respond with better in-store shelf and floor presentations for their products. There is also a strong possibility of the reestablishment of generic wine products, since it appears that price consciousness now is overriding brand loyalty. Also, the continuing pressure eventually could result in consolidations of a number of U.S. wineries.

France showed the largest increase in wine shipments to the U.S. in 1983, with its volume up 24.6%. France now accounts for 19.5% of the import market. Italy, the No. 1 exporter to the U.S., increased shipments by 2% but lost share slightly. Germany and Spain also posted gains in 1983—14.2% and 4.3%, respectively. Portugal was the only one of the major wine-producing countries to experience a decline in 1983, with shipments down 8.2%.

Domestic wine marketers should continue to have a rough time for at least the next two years. It appears there will be another large grape crop in 1984, and growers will suffer as a consequence.

One bright spot may be that baby boomers will support the expansion of the wine market, particularly table wines, over the next decade as about 2 million legal-age consumers are added to the market each year.

The U.S. may never reach the per capita consumption levels of many European countries, since about half the wine consumed in this country is accounted for by 4% of the population, but there is plenty of room for expansion for producers who can withstand the heat of these trying times.

Depending on the strength of the dollar and consequently the level of imports, the industry can be expected to grow by 2% over the next two years, with much of this coming from white wines. Whites now are estimated to represent about 65% of the total U.S. market as compared to about 19% for rosé and 16% for red. White wine will continue to grow, as evidenced by industry plans for many new-product introductions in that area.#

Source: John C. Maxwell Jr. is a managing director at A.G. Becker Paribas.

U.S. wine market: Sales and shares

Shipments of imported wines grew faster in 1983 than the domestics. [1]Both Paul Masson and Wine Spectrum now owned by Seagram. (Combined 1983 volume would rank second). NC—Not comparable. [2]As of 1982, Sierra Wine Co. includes Perelli-Minetti. [3]Concannon transferred its accounts to Pacific Land & Viticulture in 1982 and re-emerged as Concannon in 1983. Figures are in millions of gallons and share of market. *Source: John C. Maxwell Jr.*

Rank 1982	Rank 1983	Company	1981 Amount	1981 Share	1982 Amount	1982 Share	1983 Amount	1983 Share	Change 1982-83
1	1	E.&J. Gallo	128.2	23.7	135.2	24.7	144.0	25.7	6.5
2	2	Heublein	49.8	9.2	47.5	8.7	39.5	7.0	(16.8)
3	3	Wine Spectrum[1]	27.1	5.0	31.6	5.8	32.0	5.7	1.3
4	4	Almaden	30.1	5.6	28.4	5.2	26.6	4.7	(6.3)
5	5	Canandaigua	15.3	2.8	17.6	3.2	18.9	3.4	7.4
6	6	Paul Masson[1]	16.5	3.0	15.9	2.9	17.9	3.2	12.6
8	7	Monarch	12.6	2.3	12.6	2.3	12.8	2.3	1.6
9	8	Guild	13.2	2.4	10.9	2.0	11.1	2.0	1.8
7	9	Franzia	22.9	4.2	15.7	2.9	10.8	1.9	(31.2)
10	10	Sebastiani	8.5	1.6	7.2	1.3	6.5	1.2	(9.7)
—	11	California Cooler	—	—	0.4	0.1	5.4	1.0	NC
12	12	Gibson	4.6	0.8	3.9	0.7	4.0	0.7	2.6
18	13	Mogen David	5.0	0.9	4.5	0.8	4.0	0.7	(11.1)
11	14	Beringer	4.0	0.7	4.1	0.7	3.8	0.7	(7.3)
14	15	C. Mondavi	4.5	0.8	3.5	0.6	3.7	0.7	5.7
16	16	Lamont	3.5	0.6	3.0	0.5	3.5	0.6	16.7
23	17	Robert Mondavi	0.9	0.2	1.3	0.2	3.5	0.6	169.2
13	18	Christian Bros.	4.1	0.8	3.7	0.7	3.3	0.6	(10.8)
15	19	Bronco	3.2	0.6	3.3	0.6	3.3	0.6	—
19	20	Giumarra	2.3	0.4	2.2	0.4	2.4	0.4	9.1
17	21	Delicato	1.9	0.4	2.6	0.5	2.2	0.4	(15.4)
20	22	Weibel	1.6	0.3	1.8	0.3	1.9	0.3	5.6
21	23	F. Korbel	1.2	0.2	1.5	0.3	1.8	0.3	20.0
22	24	Wente	1.6	0.3	1.3	0.2	1.5	0.3	15.4
25	25	Sonoma	1.3	0.2	1.1	0.2	1.0	0.2	(9.1)
33	26	Sierra Wines[2]	0.7	0.1	—	—	0.8	0.1	—
26	27	Mirassou	0.8	0.1	0.8	0.1	0.7	0.1	(12.5)
27	28	San Martin	0.6	0.1	0.7	0.1	0.7	0.1	—
29	29	Louis Martini	0.7	0.1	0.6	0.1	0.6	0.1	—
31	30	M&H	0.4	0.1	0.5	0.1	0.5	0.1	—
24	31	East-Side	1.3	0.2	1.1	0.2	0.4	0.1	(63.6)
30	32	California Growers	1.2	0.2	0.5	0.1	0.4	0.1	(20.0)
28	33	Brookside	0.9	0.2	0.6	0.1	0.3	0.1	(50.0)
32	34	Pacific Land & Viticulture	0.2	—	0.1	—	0.1	—	—
—	—	Concannon[3]	—	—	—	—	0.1	—	—
—	—	Subtotal	370.7	68.4	365.7	66.8	369.9	66.0	1.1
		Other Domestic	57.0	10.5	60.2	11.0	60.5	10.8	0.5
		Total Domestic	427.7	78.9	425.9	77.8	430.4	76.8	1.1
		Imports	114.2	21.1	121.5	22.2	130.2	23.2	7.2
		Total	541.9	100.0	547.4	100.0	560.6	100.0	2.4

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